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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Department review completed

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SUMMARY

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GENERAL

1. Comment on Soviet position at UN disarmament talks:

At the big-power disarmament talks at the UN General Assembly the USSR is evidently seeking an immediate ban on the atomic bomb in exchange for the questionable possibility of a later control agreement covering the entire atomic energy and armaments fields. Once the West agreed to such a ban, the Soviet Union would probably have little interest in arriving at an agreement on control of atomic energy, since the West would already be morally committed not to produce or use the bomb.

The USSR also continues to seek agreement in principle on a one-third reduction of conventional armaments and armed forces of the Big Five. Acceptance of this principle would tend to hinder the build-up of NATO defense without providing any mechanism for reducing Soviet and Satellite armed forces, and without taking into account the existing level and type of armaments.

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NEAR EAST

5. Saudi Arabian Finance Minister harasses Arabian American Oil Company:

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[REDACTED] The Saudi Arabian Finance Minister appears to be deliberately creating serious difficulties for the Arabian American Oil Company. His tactics include a 4 December order prohibiting the company from shipping oil out of Saudi Arabia. He has also reportedly been talking to his subordinates about breaking up ARAMCO into smaller units and nationalizing Saudi Arabian oil.

The Finance Minister may be trying to make the company more pliable for his future financial demands, or he may be preparing to attack its oil concession.

The US Ambassador feels that while there is no evidence that a major showdown is coming in Saudi Arabia, there are some ominous portents of trouble.

Comment: [REDACTED]

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[REDACTED] he continues to enjoy the confidence of King Ibn Saud. He

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[REDACTED]

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can be expected to attempt to squeeze more money out of ARAMCO, at the same time keeping a close eye on Iranian oil nationalization developments.

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WESTERN EUROPE

7. West Germans still reluctant to stop all shipments to East Germany:

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West German officials, under considerable pressure from local business interests, are unwilling to suspend trade with East Germany despite their earlier agreement to do so if

Soviet harassing of Berlin trade continued. Because the French and British are satisfied to let the matter "simmer," some interzonal trade still continues.

US High Commissioner McCloy recommends that representations be made in London and Paris aimed at stopping all interzonal trade until the Berlin situation improves.

Comment: Soviet interference with Berlin trade is continuing, although to a lesser degree since the signing of the latest interzonal trade pact in mid-September. Britain and France have not yet accepted the US position that shipments to East Germany must be stopped completely if the Russians are to be forced to cease their harassing tactics.

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